

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
STANDARDIZATION ADVISORY COMMITTEE MEETING
HARRIS RANCH, COALINGA, CA
Meeting Minutes
March 15, 2006**

Members Attending

Pete Dinkler
Jon Zaninovich
Stephen Patricio
Mark Perez, Jr.
Mike Gardoni
Robert Ferini, Jr.
Dennis Johnston
Jerry Prieto, Jr.
Jim Simonian

CDFA Representatives

Nate Dechoretz
Rick Jensen
Gary Manning
Steve Patton
Susan Shelton

Members Absent

Dean Thonesen
Kerry Whitson

Interested Parties

Dale Janzen, CTFA
Marcy Martin, CGTFL
Ed Beckman
Angela Godwin, Riverside Co.
Tom Oliveri, WGA
Gail Raabe, San Mateo Co.
Dennis Plann, Fresno Co.
Ron Bray, Riverside Co.

ITEM 1: ROLL CALL

Jim Simonian called the meeting to order at 10:00 a.m. Gary Manning called the roll and a quorum was established. The meeting convened.

ITEM 2: APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN

Gary Manning announced that a new Chair and Vice Chair needed to be appointed. Jim Simonian is the current Chair and Stephen Patricio is the current Vice Chair.

MOTION: Stephen Patricio moved to nominate and appoint Jim Simonian as Chair. Dennis Johnston seconded. The motion passed unanimously.

MOTION: It was moved and seconded to nominate and appoint Stephen Patricio as Vice Chair. The motion passed unanimously.

ITEM 3: COMMITTEE VACANCIES AND TERMS

Susan Shelton announced that effective August 31, 2006 the Standardization Advisory Committee will have ten committee vacancies. Dean Thonesen, Jon Zaninovich, Stephen Patricio, Mike Gardoni, Robert Ferini, Jerry Prieto, and Eric Lauritzen will be up for reappointment. These members were encouraged to fill out and return their reappointment questionnaires.

Gary encouraged the committee members to recommend those they think would be interested in joining the committee.

ITEM 4: APPROVAL OF OCTOBER 12, 2005 MEETING MINUTES

MOTION: Pete Dinkler moved to accept the minutes for October 12, 2005 as submitted. Mike Gardoni seconded. The motion passed unanimously.

ITEM 5: REGULATION AND LEGISLATIVE UPDATE

Gary Manning updated the committee on regulations/legislation that are currently in process.

OAL FOR FINAL REVIEW

A. TOMATOES

This regulation is currently in CDFA for final review and clean up. It will then be submitted to the Office of Administrative Law (OAL) for final approval and inclusion into regulation.

This regulation will:

- Add dirt and foreign material as a defect.
- Tomatoes to be marked with grower and lot identification codes.
- All handlers of tomatoes to be registered with the Department, and upon request from an inspector, provide the field location, grower, harvest date, pack date, transporter, and purchaser of packed tomatoes.

B. CANTALOUPE CONTAINERS

This regulation has been sent forward to OAL for final review, approval, and inclusion into regulation.

This regulation will:

- Adopt new standard containers for shipping jumbo cantaloupes.

C. TREE FRUIT

This regulation has been sent forward to OAL for final review, approval, and inclusion into regulation.

This regulation will:

- Remove the varietal marking requirement on nonconsumer containers of peaches, plums, and nectarines.

PENDING REGULATIONS

A. ADMINISTRATIVE FINE MATRIX/RECOMMENDATION AND VOTE

AB 520 was approved by the Governor and filed with the Secretary of State on September 6, 2005. This bill gives the County Agricultural Commissioners and the State authority to impose fines through an administrative civil penalty process, thus by-passing the previous requirement that violations go through the DA's office.

Due to this legislation Gail Raabe explained that a draft penalty matrix has been developed that will need to be put into regulation. Gail presented the committee with the final version of the penalty matrix and "due process" regulatory language. She explained that the committee must approve the proposed regulation prior to being noticed for public hearing.

MOTION: Stephen Patricio moved to support the proposed regulatory language and administrative civil penalty matrix as presented by Gail Raabe. Pete Dinkler seconded. The motion passed unanimously.

B. CITRUS MIL FEE

Pursuant to the Assembly Bill 85, the previously established Navel and Valencia Orange Program has been renamed and expanded and is now called the California Citrus Program. This program now includes lemons and mandarins. It has also combined the maturity inspection and crop surveys into one assessment.

Gary stated that a regulation for mil fee assessment would have to be written. CDFA will endeavor to write the regulation so that the Secretary has the ability to increase or decrease the mil assessment, within set parameters, each year.

ITEM 6: EXPERIMENTAL CONTAINER AUDIT

Gary Manning passed out a copy of the Summary of Audits Performed on Experimental Container Permits for 2004/2005. All experimental permits are audited each year. To date a total of 21 permits have been audited, of these seven were not used, two were found in violation, seven were pending adoption and 5 permits will be reviewed at the end of their expiration date.

ITEM 7: COUNTY CONTRACT UPDATE AND 2006/07 PROPOSALS/RECOMMENDATION AND VOTE

Gary Manning gave each committee member a copy of the County Cost Comparison. Fresno proposes to increase their hours for table grapes, honeydews and add watermelons and cherries. As CDFA will now have state inspectors handling standardization, Riverside will be reduced to one full time inspector. A contract for San Mateo will be added to cover the San Francisco wholesale market.

The proposed contract amount is \$592,267.99; this is an increase from last year of \$67,032.03.

MOTION: Pete Dinkler moved to approve the 2006/07 county budgets of \$592,267.99. Dennis Johnston seconded. The motion passed unanimously.

ITEM 8: STATE AND COUNTY ENFORCEMENT RESULTS

Gary Manning gave each committee member a handout that reported the county inspection results as of March 9, 2006. Because there is still approximately four months left in the current contract, these are not year-end results.

The county reports broke down the totals by commodities inspected, container inspected, results, inspection hours, and inspection costs. The following totals were reported:

Total Containers Inspected	3,066,446
Non-Compliances Issued	136
Total Containers Rejected	38,871
Disposal Orders Issued	111
Total Hours	6,745
Total Costs	\$258,832

ITEM 9: BUDGET STATUS REPORT

Gary Manning distributed a copy of the following reports to the committee:

- Standardization Program Projection and Proposals, Amended 2/17/06
- Standardization Program 2005-2006 Projected Fund Condition and Projected Expenditures
- Standardization Revenue and Expenditures 1999-2007 and Mil Fee Projections

A. FISCAL YEAR 05/06 CLOSING

As of February 17, 2006 the total operating expenses for 2005/2006 were projected to be \$1,650,687.

B. PROJECTED REVENUE AND FUND BALANCE

Revenue Collected in 2005/06:	\$947,000
Ending Ag. Fund Cash Reserve (as of 7/30/06):	\$778,654
Trust Fund Balance (as of 7/30/05):	\$283,579

C. FISCAL YEAR 2006/07 PROPOSAL

The proposed budget for 2006/2007 is \$1,679,978. This includes personnel services of \$610,506, operating expenses of \$879,268, and program overhead of \$190,204.

MOTION: Stephen Patricio moved to approve the 2006/07 budget as submitted. Dennis Johnston seconded. The motion passed unanimously.

D. STANDARDIZATION ASSESSMENT/RECOMMENDATION AND VOTE

Stephen Patricio reviewed the history of the mil assessment with the committee. Prior to 2002, CDFA had a reserve that was quite high and was collecting more in annual assessments than could be spent. This was primarily due to a State hiring freeze and the inability to hire additional inspectors. The committee discussed decreasing the mil assessment and was informed that a 50% reduction would rectify the over-collection and reduce the reserve. At that time it was projected that the program could operate for approximately two years without negative impact. However, at the end of that time the excess reserve would be used and assessments would again have to go back up in order to cover expenses.

At the February 5, 2002 Standardization meeting the committee voted to cut the mil assessment in half for both mandatory and non-mandatory assessments. This changed the mandatory assessment from 1 mil (\$.001) to ½ mil (\$.0005) and non-mandatory assessment from 3 mils (\$.003) to 1.5 mils (\$.0015).

Gary Manning explained that since 2002/03 expenditures have exceeded revenue. Since that time the reserve, as had been discussed, has been used to augment revenue. Projections indicate that at the current assessment rate and expenditure level the reserve will be fully exhausted by June 30, 2007.

Mike Gardoni questioned whether the standardization program should continue, especially since growers' economic situation, specifically lettuce producers, seems to worsen. Stephen Patricio commented that since the standardization program is in place until the sunset in 2010, the program should be funded properly. In 2010 the discussion regarding the need for the program can be debated.

The current mandatory assessment is ½ mil (\$.0005); it is proposed that it be raised to the original assessment of 1 mil (\$.001). Additionally, the current non-mandatory assessment is 1.5 mils (\$.0015); it is proposed that it be raised to the original assessment of 3 mils (\$.003).

MOTION: Jon Zaninovich moved to support and direct CDFA to return the standardization assessment to 1 mil (\$.001) for mandatory assessments and 3 mils (\$.003) for non-mandatory assessments established under Section 42807 of the CA Food and Agriculture Code. He further directed the Department to complete the administrative work necessary to affect the change by July 1, 2006. Dennis Johnston seconded. The motion passed with eight in support and one opposed.

ITEM 10: OTHER BUSINESS

No other business was discussed

ITEM 11: NEXT MEETING

The next meeting will be scheduled for October at Harris Ranch. Once the date is set, Gary will inform the committee.

ITEM 12: ADJOURNMENT

The meeting adjourned at 11:27 a.m.

Respectfully submitted by:

Gary Manning, Program Supervisor
Standardization Program
Inspection and Compliance Branch

GM/ss